

ST. MARY PARISH SHERIFF

Franklin, Louisiana

Financial Report

Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/26/07

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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

The Honorable David A. Naquin
St. Mary Parish Sheriff
Franklin, Louisiana

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of St. Mary Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Sheriff, as of June 30, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2007 on our consideration of the St. Mary Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information on pages 26 through 28 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and

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presentation. However, we did not audit the information and express no opinion on it. The St. Mary Parish Sheriff has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the St. Mary Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Dannall, Sikes, Gardes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana

December 6, 2007

FINANCIAL SECTION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Net Assets
June 30, 2007

ASSETS

Cash and cash equivalents	\$ 2,571,754
Investments	4,267
Receivables:	
Due from other governmental units	796,255
Other receivables	67,956
Prepaid insurance	62,027
Capital assets, net of accumulated depreciation	<u>972,648</u>
Total assets	<u>\$ 4,474,907</u>

LIABILITIES

Accounts, salaries, and other payables	\$ 595,251
Due to taxing bodies and others	15,986
Long-term liabilities:	
Due within one year	33,424
Due after one year	<u>284,412</u>
Total liabilities	<u>929,073</u>

NET ASSETS

Invested in capital assets	972,648
Restricted for Law Enforcement Sub-Dist No. 1	290,062
Unrestricted	<u>2,283,124</u>
Total net assets	<u>\$ 3,545,834</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Assets
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Public safety	\$ 10,709,702	\$ 3,487,861	\$ 463,975	\$ -	\$ (6,757,866)
Total governmental activities	<u>10,709,702</u>	<u>3,487,861</u>	<u>463,975</u>	<u>-</u>	<u>(6,757,866)</u>
General Revenues:					
					3,707,071
Ad valorem taxes					2,541,555
Sales taxes					181,097
State revenue sharing					464,155
Other intergovernmental					114,669
Interest income					56,699
Miscellaneous					<u>7,065,246</u>
Total general revenues					
					307,380
Change in net assets					
					<u>3,238,454</u>
Net assets -- beginning					
Net assets -- ending					<u>\$ 3,545,834</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Balance Sheet – Governmental Funds
Year Ended June 30, 2007

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 2,571,754	\$ -	\$ 2,571,754
Investments	4,267	-	4,267
Receivables:			
Due from other governmental units	634,732	161,523	796,255
Due from others	10,924	57,032	67,956
Due from other funds	-	20,809	20,809
Prepaid insurance	<u>37,915</u>	<u>24,113</u>	<u>62,028</u>
Total assets	<u>\$ 3,259,592</u>	<u>\$ 263,477</u>	<u>\$ 3,523,069</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts, salaries and other payables	331,774	263,477	595,251
Due to taxing bodies and others	15,986	-	15,986
Due to other funds	<u>20,809</u>	<u>-</u>	<u>20,809</u>
Total liabilities	<u>368,569</u>	<u>263,477</u>	<u>632,046</u>
Fund equity:			
Reserved for Law Enforcement			
Sub-District No. 1	290,062	-	290,062
Unreserved	<u>2,600,961</u>	<u>-</u>	<u>2,600,961</u>
Total fund equity	<u>2,891,023</u>	<u>-</u>	<u>2,891,023</u>
Total liabilities and fund equity	<u>\$ 3,259,592</u>	<u>\$ 263,477</u>	<u>\$ 3,523,069</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2007

Total fund balances - governmental funds		\$	2,891,023
Amounts reported for governmental activities in the statement of net assets are different because:			
Cost of capital assets at June 30, 2007	2,843,323		
Less: Accumulated depreciation as of June 30, 2007:			
Equipment	(859,014)		
Furniture	(73,892)		
Vehicles, boats, and trailers	(895,791)		
Buildings and improvements	<u>(41,978)</u>		
			972,648
Elimination of interfund assets and liabilities			
Due from other funds	20,809		
Due to other funds	<u>(20,809)</u>		
			-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds			
Long-term liabilities at June 30, 2007:			
Workman's compensation	(90,507)		
Compensated absences payable	<u>(227,330)</u>		
			<u>(317,837)</u>
Total net assets - governmental activities		\$	<u>3,545,834</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes
In Fund Balances – Governmental Funds
Year Ended June 30, 2007

	General	Special Revenue	Total
Ad valorem taxes	\$ 3,707,071	\$ -	\$ 3,707,071
Sales tax	2,541,555	-	2,541,555
Intergovernmental revenues -			
Federal grants	50,277	-	50,277
State grants	40,202	18,132	58,334
Parish grants	31,689	-	31,689
State revenue sharing	181,097	-	181,097
State supplemental pay	239,867	83,808	323,675
Salary supplemental pay	281,618	73,020	354,638
Video poker	295,405	-	295,405
Indian gaming	131,250	-	131,250
Riverboat gaming	37,500	-	37,500
Fees, charges, and commissions for service -			
Civil and criminal fees	367,444	8,867	376,311
Court attendance	17,204	-	17,204
Transporting of prisoners	-	28,398	28,398
Feeding and keeping of prisoners	-	2,297,958	2,297,958
Fines and forfeitures	190,874	-	190,874
Commissary sales	-	106,571	106,571
Other	9,484	106,423	115,907
Investment income	114,669	-	114,669
Miscellaneous	44,798	11,901	56,699
	<u>8,282,004</u>	<u>2,735,078</u>	<u>11,017,082</u>
Expenditures:			
Public safety:			
Personnel and related benefits	4,376,827	2,855,629	7,232,456
Operating services	613,278	1,002,110	1,615,388
Materials and supplies	548,248	1,054,879	1,603,127
Debt service	3,232	-	3,232
Capital outlay	266,593	35,089	301,682
	<u>5,808,178</u>	<u>4,947,707</u>	<u>10,755,885</u>
Excess (deficiency) of revenues over (under) expenditures	2,473,826	(2,212,629)	261,197

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Revenues, Expenditures and Changes
In Fund Balances – Governmental Funds (Continued)
Year Ended June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Other financing sources (uses):			
Operating transfers in	3,468	2,216,097	2,219,565
Operating transfers out	<u>(2,216,097)</u>	<u>(3,468)</u>	<u>(2,219,565)</u>
Total other financing sources (uses)	<u>(2,212,629)</u>	<u>2,212,629</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	261,197	-	261,197
Fund balance, beginning of year	<u>2,629,826</u>	<u>-</u>	<u>2,629,826</u>
Fund balance, end of year	<u>\$ 2,891,023</u>	<u>\$ -</u>	<u>\$ 2,891,023</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

Year Ended June 30, 2007

Total net changes in fund balance - governmental funds	\$ 261,197
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period	69,603
Payments of compensated absences and the workman's compensation liability are expenditures in the governmental funds, but these payments reduce long-term liabilities in the statement of net assets.	<u>(23,420)</u>
Change in Net Assets - Governmental Activities	<u>\$ 307,380</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Statement of Fiduciary Net Assets
June 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 3,007,941
Investments, at fair value	<u>1,715,129</u>
Total assets	<u>\$ 4,723,070</u>
LIABILITIES	
Due to taxing bodies, prisoners and others	<u>4,723,070</u>
Total liabilities	<u>\$ 4,723,070</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the Parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the Parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the Parish. The Sheriff provides protection to the residents of the Parish through on-site patrols and investigations and serves the residents of the Parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the Parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and fines, costs, and bond forfeitures imposed by the District Court.

The accounting and reporting policies of the St. Mary Parish Sheriff (Sheriff) conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517, the industry audit guide, *Audits of State and Local Governmental Units*, and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. As an independently elected parish official, the Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish council as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish council, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Sheriff.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the St. Mary Parish Sheriff. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (a) fees and charges paid by the recipients of services offered by the St. Mary Parish Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales and use tax revenues are recognized in the period in which the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the taxpayers. Other major revenues that are considered susceptible to accrual include sales and use taxes, earned grant revenues, intergovernmental revenues, and interest on investments.

The government reports the following governmental funds:

General Fund--The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district and sales tax collections. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance. General operating expenditures are paid from this fund.

Special Revenue Fund--The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund accounts for the revenues and expenditures related to the Law Enforcement Center. The Law Enforcement Center's primary source of revenue is fees for the feeding and keeping of prisoners.

Fiduciary Funds - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, and inmate monies. Disbursements from these funds are made to various parish agencies, litigants in suits, inmates, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Capital Assets

All capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5-10 Years
Furniture	5 Years
Vehicles, boats, and trailers	5 Years
Buildings and improvements	20 - 40 Years

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Financing Sources

In the fund financial statements capital assets acquired through capital lease agreements are recognized as other financing sources and capital outlay expenditures at the time of acquisition. Proceeds from long-term loans are recognized as other financing sources when received.

Deferred Revenues

Deferred revenues arise when resources are received by the Sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

Budget and Budgetary Accounting

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The chief civil deputy prepares a proposed budget and submits it to the Sheriff for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally budgeted and as finally amended by the Sheriff. Such amendments were not material in relation to the original appropriations.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

Vacation and Sick Leave

Employees of the Sheriff's Office earn vacation leave based on time of service. Two weeks is earned for each year of service from one to six years, three weeks from seven to fifteen years of service and four weeks is earned for each year of service from sixteen years thereafter. Vacation leave is non-cumulative. One-half day of sick leave is earned each month up to seven years of service at which time the employee earns one day per month. Unused sick days are carried over and accumulated up to sixty days total. Sick leave is not compensable if an employee leaves the service of the St. Mary Parish Sheriff.

Use of Estimates

The Sheriff uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and savings accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest bearing demand deposits, savings accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected. At June 30, 2007, the Sheriff has cash and cash equivalents (book balances) totaling \$ 5,579,695 as follows:

Demand deposits	\$ 3,404,733
Time and savings accounts	<u>2,174,962</u>
Total	<u>\$ 5,579,695</u>

Of the above amount, \$3,007,941 is included in the Sheriff's fiduciary funds.

NOTE 3 INVESTMENTS

Investments of the Sheriff are limited by Louisiana Revised Statute 33:2955. If the original maturity of the investments exceeds 90 days, they are classified as investments; however, if the

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 3 INVESTMENTS (CONTINUED)

original maturities are 90 days or less, they are classified as cash equivalents. The carrying amount/fair market value of investments are summarized as follows:

	<u>Interest Rate</u>	<u>Market Value/ Carrying Amount</u>
General Fund:		
UBS Cashfund	1.090%	\$ 4,267
Tax Collector Agency Fund:		
Certificates of Deposit	Various	<u>1,715,129</u>
		<u>\$ 1,719,396</u>

NOTE 4 CONCENTRATION OF CUSTODIAL CREDIT RISK FOR CASH DEPOSITS AND INVESTMENTS

Under state law, all funds deposited in a bank must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties (Category 3). Deposit balances (bank balances) at June 30, 2007 were fully secured as follows:

Bank balances	<u>\$ 3,815,092</u>
Federal deposit insurance	\$ 346,598
Pledged securities (category 3)	<u>12,579,576</u>
Total	<u>12,926,174</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$ 9,111,082</u>

Even though the pledged securities are considered uncollateralized (Category 3), Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 5 AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the Parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the parish government in June and are actually billed to the taxpayers by the Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for pension fund contributions.

For the year ended June 30, 2007, law enforcement district taxes applicable to the Sheriff's General Fund, were levied at the rate of 10.78 mills on property.

On April 29, 2006, the voters of Law Enforcement Sub-District No. 1 of St. Mary Parish approved a proposition to instate a 15.00 mills tax on all property subject to taxation in said district in lieu of the previous 12.00 mills tax, beginning with the year 2006 and ending with the year 2010. In the year 2006, the mills were adjusted to the maximum authorized levy of 15.00 mills.

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2007, consist of the following:

Federal grants	\$ 13,039
Parish governments	552,308
State grants	<u>183,116</u>
Total	<u>\$ 748,463</u>

NOTE 7 ACCOUNTS, SALARIES, AND OTHER PAYABLES

Accounts, salaries, and other payables at June 30, 2007, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Accounts payable	\$ 106,422	\$ 172,694
Accrued salaries and related benefits	134,511	90,783
Hospitalization insurance claims payable	<u>90,841</u>	<u>-</u>
Total accounts, salaries, and other payables	<u>\$ 331,774</u>	<u>\$ 263,477</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2007 are as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 112,729	\$ -	\$ -	\$ 112,729
Capital assets being depreciated:				
Equipment	\$ 1,021,170	\$ 93,810	\$ (4,725)	\$ 1,110,255
Furniture	83,725	-	-	83,725
Vehicles, boats and trailers	1,128,554	207,872	-	1,336,426
Buildings and improvements	200,188	-	-	200,188
Total capital assets being depreciated	2,433,637	301,682	(4,725)	2,730,594
Less accumulated depreciation for:				
Equipment	(794,387)	(69,352)	4,725	(859,014)
Furniture	(66,516)	(7,376)	-	(73,892)
Vehicles, boats and trailers	(746,405)	(149,386)	-	(895,791)
Buildings and improvements	(36,013)	(5,965)	-	(41,978)
Total accumulated depreciation	(1,643,321)	(232,079)	4,725	(1,870,675)
Capital assets, being depreciated, net	790,316	69,603	-	859,919
Capital assets, net	\$ 903,045	\$ 69,603	\$ -	\$ 972,648

Depreciation expense of \$232,079 for the year ended June 30, 2007 was charged to the public safety function.

NOTE 9 PENSION PLANS

Substantially all employees of the Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund ("System"), a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by a separate board of trustees.

Plan members are required to contribute 10% of their annual covered salary to the system while the Sheriff is required to contribute at the statutory rate of 11% of the total annual covered salary. The Sheriff's contributions to the system for the years ended June 30, 2007, 2006 and 2005 were \$578,322, \$469,735, and \$424,231, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 10 CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of the long-term debt transactions during the year:

	Balance at July 1, 2006	Additions	Reductions	Balance at June 30, 2007	Due Within One Year
Compensated absences	\$ 200,678	\$ 216,875	\$ 190,223	\$ 227,330	\$ 30,192
Workman's compensation	<u>93,739</u>	<u>-</u>	<u>3,232</u>	<u>90,507</u>	<u>3,232</u>
Total	<u>\$ 294,417</u>	<u>\$ 216,875</u>	<u>\$ 193,455</u>	<u>\$ 317,837</u>	<u>\$ 33,424</u>

On May 31, 1984, the Supreme Court of the State of Louisiana ruled that the St. Mary Parish Sheriff and the State of Louisiana were liable for the payment of death benefits under the Workmen's Compensation Act. Effective July 1, 1984, the widow and children of a deputy sheriff killed in the line of duty were entitled to \$148 per week until such time as one or more of the minor children reach the age of eighteen (twenty-one if enrolled as a full-time student) and/or such time as the widow dies or remarries. The Sheriff's liability (84 percent) is \$538.72 per month.

On January 1, 1995, both children were 18 or older and did not enroll in college; therefore, the monthly payments of \$538.72 were cut in half per R.S. 23:1232. The new monthly payments of \$269.36 began January 1995. The Sheriff's liability at June 30, 2007 is \$90,507. This amount was computed using a "Period Life Table" issued by the Social Security Administration.

The annual debt service requirements to maturity for the Worker's Compensation Judgment Payable as of June 30, 2007 are as follows. There is no interest associated with this liability.

Year Ending June 30,	Principal
2008	\$ 3,232
2009	3,232
2010	3,232
2011	3,232
2012	3,232
2013-2017	16,162
2018-2022	16,162
2023-2027	16,162
2028-2032	16,162
2033-2034	<u>9,699</u>
	<u>\$ 90,507</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 11 DEDICATIONS OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAXES

On October 18, 1997, the citizens of St. Mary Parish passed a ½% sales and use tax. Fifty percent of the proceeds are remitted to the Sheriff for law enforcement purposes in St. Mary Parish, including employment of deputies, training, salaries, benefits, and the purchase of equipment and automobiles. The Sheriff accounts for the proceeds in the General Fund. The other 50% of the proceeds are remitted to the Parish and the municipalities of the Parish on a per capita basis for any lawful law enforcement purpose described in the proposition.

NOTE 12 RESERVATION OF FUND BALANCE

Property in Law Enforcement Sub-District No. 1 is subject to a tax millage through the year 2010. The tax is in addition to the tax levied by the Law Enforcement District and collections are dedicated to providing increased patrols within Sub-District No. 1. Unexpended amounts at June 30, 2007 have been reserved in the General Fund for that purpose.

NOTE 13 CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Balance at July 1, 2006	Additions	Reductions	Balance at June 30, 2007
Sheriff's Fund	\$ 50,904	\$ 708,971	\$ 710,502	\$ 49,373
Bond Fund	335,966	1,582,728	1,423,703	494,991
Inmate Deposit Fund	24,976	488,606	489,114	24,468
Work Release Fund	166,066	1,141,221	1,016,309	290,978
Witness Fee Fund	1,500	-	-	1,500
Tax Collector Fund	3,868,232	34,095,551	34,102,023	3,861,760
Total	<u>\$ 4,447,644</u>	<u>\$ 38,017,077</u>	<u>\$ 37,741,651</u>	<u>\$ 4,723,070</u>

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ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 14 DISTRIBUTION OF STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 641 of 2006 received during the year by the Tax Collector Agency Fund were allocated among the taxing bodies as follows:

Atchafalaya Basin Levee District	\$ 2,954
St. Mary Parish:	
Council	88,410
Library	52,397
School Board	337,733
Hospital Districts	109,989
Waterworks Districts	25,305
Drainage Districts	97,829
Harbor and Terminal Districts	63,480
Sheriff	181,097
Assessment District	50,828
Pension Funds	<u>35,780</u>
Total	<u>\$ 1,045,802</u>

NOTE 15 UNSETTLED BALANCES OF THE TAX COLLECTOR FUND

The unsettled cash balance at June 30, 2007 of \$3,861,760 consists of the following:

Ad valorem taxes	\$ 91,614
Protest taxes	3,204,139
Parish licenses	27,456
Interest earned on deposits and delinquent taxes	29,717
Interest earned on protest taxes	506,705
Tax notices, costs, etc.	<u>2,129</u>
	<u>\$ 3,861,760</u>

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2007, include \$3,204,139 of taxes paid under protest plus interest earned to date on the investment of these funds totaling \$506,705. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

NOTE 16 LITIGATION AND CLAIMS

At June 30, 2007, the Sheriff is involved in several lawsuits claiming damages. In the opinion of the Sheriff's legal counsel, the only exposure to the Sheriff would be any costs in defense of the lawsuits with no liability to the Sheriff in excess of insurance coverage.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 17 CONTINGENT LIABILITIES

On January 13, 1999, the Sheriff entered into an intergovernmental agreement with the Parish of St. Mary, Louisiana, related to the Parish jail facilities. Under the agreement, the Parish constructed and equipped a new jail facility (the Law Enforcement Center) and renovated, improved, and equipped the existing jail facilities. The Sheriff is responsible for the management and operation of the jail facilities.

The agreement assigns to the Parish, for the security and payment of bonds issued to pay the costs of the jail facilities, the greater of \$7 per day per Department of Public Safety and Corrections prisoner housed or 31.9% of the Sheriff's prisoner revenue received for the housing of D.O.C. prisoners and federal prisoners less the costs of providing medical care, feeding, clothing, and transporting such prisoners and costs incurred in connection with the salaries and benefits of personnel in excess of \$600,000 annually.

Based on the agreement, the Sheriff's payments to the Parish for the year ended June 30, 2007, totaled \$418,152.

NOTE 18 EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH COUNCIL

The Sheriff's office is located in a building owned by the Parish Council. Expenditures for operation and maintenance of the parish jail and building, as required by state statute, are paid by the St. Mary Parish Council and are not included in the accompanying financial statements.

NOTE 19 SELF-INSURANCE FUND

The Sheriff has established a limited risk management program for group health insurance. The Sheriff hired F.A. Richard & Associates, Inc. as administrator for this program. During the fiscal year 2007, a total of \$824,891 was incurred in claims and administrative costs. The Sheriff purchased specific stop-loss commercial insurance for individual claims incurred in excess of \$40,000. Incurred but not paid claims of \$90,841 have been accrued as a liability in the General Fund. The unpaid claims liability was estimated based upon the following: (1) claims incurred but not paid as of June 30, 2007, as per a report from the administrator of claims remitted through August 15, 2007, and (2) additional claims incurred but not paid as of June 30, 2007, not remitted to the administrator as of August 15, 2007, but expected to be paid. The accrual of other incremental costs that may be incurred related to these claims is immaterial and therefore excluded.

Incurred but not paid claims, July 1, 2006	\$ 80,981
Claims incurred	824,891
Claims paid	<u>(815,031)</u>
Incurred but not paid claims, June 30, 2007	<u>\$ 90,841</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Notes to the Financial Statements

NOTE 20 INTERFUND TRANSFERS

Transfers funded from current revenues during the year ended June 30, 2007 consisted of:

	Transfers	
	In	Out
General Fund:		
Special Revenue Funds	\$ 3,468	\$ 2,216,097
Special Revenue Funds:		
General Fund	2,216,097	3,468
Total interfund transfers	\$ 2,219,565	\$ 2,219,565

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 21 INTERFUND RECEIVABLES, PAYABLES

	Interfund Receivables	Interfund Payables
General Fund:		
Special Revenue Funds	\$ -	\$ 20,809
Special Revenue Funds:		
General Fund	20,809	-
Total interfund receivables/payables	\$ 20,809	\$ 20,809

Due to/from general fund represents costs paid from the general fund bank account on behalf of individual funds that do not have checking accounts. These receivables and payables reverse in the normal course of operations. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

REQUIRED SUPPLEMENTAL INFORMATION

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 3,250,000	\$ 3,693,451	\$ 3,707,071	\$ 13,620
Sales tax	1,850,000	2,443,857	2,541,555	97,698
Intergovernmental revenues -				
Federal grants	50,000	38,688	50,277	11,589
State grants	25,000	26,322	40,202	13,880
Parish grants	50,000	38,000	31,689	(6,311)
State revenue sharing	180,000	181,097	181,097	-
State supplemental pay	220,000	241,669	239,867	(1,802)
Salary supplemental pay	240,000	263,324	281,618	18,294
Video poker	325,000	271,163	295,405	24,242
Indian gaming	175,000	175,000	131,250	(43,750)
Riverboat gaming	-	-	37,500	37,500
Fees, charges, and commissions for service -				
Civil and criminal fees	275,000	340,728	367,444	26,716
Court attendance	15,000	18,180	17,204	(976)
Fines and forfeitures	175,000	170,920	190,874	19,954
Other	-	-	9,484	9,484
Investment income	45,000	84,684	114,669	29,985
Miscellaneous	50,000	113,956	44,798	(69,158)
Total revenues	<u>6,925,000</u>	<u>8,101,039</u>	<u>8,282,004</u>	<u>180,965</u>
Expenditures:				
Public safety:				
Personnel and related benefits	4,406,558	4,749,268	4,376,827	372,441
Operating services	300,000	291,421	613,278	(321,857)
Materials and supplies	552,000	703,433	548,248	155,185
Debt service	3,232	3,232	3,232	-
Capital outlay	90,000	224,871	266,593	(41,722)
	<u>5,351,790</u>	<u>5,972,225</u>	<u>5,808,178</u>	<u>164,047</u>
Excess of revenues over expenditures	1,573,210	2,128,814	2,473,826	345,012

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund (Continued)
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Other financing sources (uses):				
Operating transfers in	3,468	3,468	3,468	-
Operating transfers out	<u>(2,216,097)</u>	<u>(2,216,097)</u>	<u>(2,216,097)</u>	-
Total other financing uses	<u>(2,212,629)</u>	<u>(2,212,629)</u>	<u>(2,212,629)</u>	-
 Excess (deficiency) of revenues over (under) expenditures and other financing uses	 (639,419)	 (83,815)	 261,197	 345,012
 Fund balance, beginning of year	 <u>2,629,826</u>	 <u>2,629,826</u>	 <u>2,629,826</u>	 -
Fund balance, end of year	<u>\$ 1,990,407</u>	<u>\$ 2,546,011</u>	<u>\$ 2,891,023</u>	<u>\$ 345,012</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Budgetary Comparison Schedule – Special Revenue Fund
Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues -				
State grants	\$ -	\$ -	\$ 18,132	\$ 18,132
State supplemental pay	105,000	83,808	83,808	-
Salary supplemental pay	75,000	72,964	73,020	56
Fees, charges, and commissions for service -				
Civil and criminal fees	-	-	8,867	8,867
Transporting of prisoners	45,000	79,812	28,398	(51,414)
Feeding and keeping of prisoners	1,900,000	2,236,860	2,297,958	61,098
Investment income	1,000	1,825	-	(1,825)
Miscellaneous	190,000	224,434	224,895	461
Total revenues	<u>2,316,000</u>	<u>2,699,703</u>	<u>2,735,078</u>	<u>35,375</u>
Expenditures:				
Public safety:				
Personnel and related benefits	2,272,000	3,028,611	2,855,629	172,982
Operating services	834,000	852,521	1,002,110	(149,589)
Materials and supplies	746,750	1,067,228	1,054,879	12,349
Capital outlay	<u>35,000</u>	<u>66,549</u>	<u>35,089</u>	<u>31,460</u>
	<u>3,887,750</u>	<u>5,014,909</u>	<u>4,947,707</u>	<u>67,202</u>
Deficiency of revenues under expenditures	(1,571,750)	(2,315,206)	(2,212,629)	102,577
Other financing sources (uses):				
Operating transfers in	2,216,097	2,216,097	2,216,097	-
Operating transfers out	<u>(3,468)</u>	<u>(3,468)</u>	<u>(3,468)</u>	-
Total other financing sources	<u>2,212,629</u>	<u>2,212,629</u>	<u>2,212,629</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	640,879	(102,577)	-	102,577
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 640,879</u>	<u>\$ (102,577)</u>	<u>\$ -</u>	<u>\$ 102,577</u>

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

ST. MARY PARISH SHERIFF
Franklin, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

- Sheriff's Fund -** The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.
- Bond Fund -** The Bond Fund accounts for collections of bonds, fines, and costs and payment of these collections to the recipients in accordance with applicable laws.
- Inmate Deposit Fund -** The Inmate Deposit Fund accounts for the receipts and disbursements made from the individual prison inmate accounts.
- Tax Collector Fund -** Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.
- Work Release Fund -** The Work Release Fund accounts for the receipts and disbursements made from the individual prison work release savings accounts.
- Witness Fee Fund -** The Witness Fee Fund accounts for receipts and disbursements made to off duty deputies for witness services.

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Balance Sheet
June 30, 2007

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Witness Fee Fund	Tax Collector Fund	Total
ASSETS							
Cash and cash equivalents	\$ 49,373	\$ 494,991	\$ 24,468	\$ 290,978	\$ 1,500	\$ 2,146,631	\$ 3,007,941
Investments	-	-	-	-	-	1,715,129	1,715,129
Total assets	<u>\$ 49,373</u>	<u>\$ 494,991</u>	<u>\$ 24,468</u>	<u>\$ 290,978</u>	<u>\$ 1,500</u>	<u>\$ 3,861,760</u>	<u>\$ 4,723,070</u>
LIABILITIES							
Due to taxing bodies, prisoners and others	<u>\$ 49,373</u>	<u>\$ 494,991</u>	<u>\$ 24,468</u>	<u>\$ 290,978</u>	<u>\$ 1,500</u>	<u>\$ 3,861,760</u>	<u>\$ 4,723,070</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Fiduciary Fund Type – Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2007

	Sheriff's Fund	Bond Fund	Inmate Deposit Fund	Work Release Fund	Witness Fee Fund	Tax Collector Fund	Total
Balances, beginning of year	\$ 50,904	\$ 335,966	\$ 24,976	\$ 166,066	\$ 1,500	\$ 3,868,232	\$ 4,447,644
Additions:							
Deposits -							
Sheriff's sales	618,716	-	-	-	-	-	618,716
Bonds	-	1,582,728	-	-	-	-	1,582,728
Garnishments	90,255	-	-	-	-	-	90,255
Inmate deposits	-	-	488,606	1,141,221	-	-	1,629,827
Witness fee deposits	-	-	-	-	23,500	-	23,500
Taxes, fees, etc., paid to							
Tax Collector	-	-	-	-	-	34,024,120	34,024,120
Interest	-	-	-	-	-	71,431	71,431
Total additions	<u>708,971</u>	<u>1,582,728</u>	<u>488,606</u>	<u>1,141,221</u>	<u>23,500</u>	<u>34,095,551</u>	<u>38,040,577</u>
Total	<u>759,875</u>	<u>1,918,694</u>	<u>513,582</u>	<u>1,307,287</u>	<u>25,000</u>	<u>37,963,783</u>	<u>42,488,221</u>
Reductions:							
Taxes, fees, etc., distributed							
to taxing bodies and others	-	-	-	-	-	34,102,023	34,102,023
Deposits settled to -							
Sheriff's General Fund	130,726	170,762	314,630	419,795	-	-	1,035,913
St. Mary Parish Council	-	74,169	-	-	-	-	74,169
District Attorney	-	606,105	-	-	-	-	606,105
St. Mary Parish Clerk	56,978	40,840	-	-	-	-	97,818
St. Mary Parish Coroner	-	20,222	-	-	-	-	20,222
Indigent Defender Board	-	167,574	-	-	-	-	167,574
Acadiana Crime Lab	-	49,750	-	-	-	-	49,750
Injury Trust Fund	-	15,174	-	-	-	-	15,174
Municipal Police	-	53,045	-	-	-	-	53,045
Deputies	-	-	-	-	23,500	-	23,500
Litigants	446,988	49,550	-	532,922	-	-	1,029,460
Other settlements	75,810	176,512	-	-	-	-	252,322
Inmates	-	-	174,484	63,592	-	-	238,076
Total reductions	<u>710,502</u>	<u>1,423,703</u>	<u>489,114</u>	<u>1,016,309</u>	<u>23,500</u>	<u>34,102,023</u>	<u>37,765,151</u>
Balances, end of year	<u>\$ 49,373</u>	<u>\$ 494,991</u>	<u>\$ 24,468</u>	<u>\$ 290,978</u>	<u>\$ 1,500</u>	<u>\$ 3,861,760</u>	<u>\$ 4,723,070</u>

ST. MARY PARISH SHERIFF
Franklin, Louisiana
Tax Collector Agency Fund

Statement of Collections, Distributions, and Unsettled Balances
Year Ended June 30, 2007

Unsettled balances, July 1, 2006	\$ 3,868,232
Collections:	
Ad valorem taxes	32,450,985
State revenue sharing	1,045,802
Parish occupational licenses	474,988
Interest on:	
Delinquent taxes	17,827
Deposit of taxes, licenses, etc.	49,820
Deposit of taxes paid under protest	3,784
Tax notices, etc.	<u>52,345</u>
Total collections	<u>34,095,551</u>
Total	<u>37,963,783</u>
Distributions:	
Atchafalaya Basin Levee District	79,155
Timberland Fire District	7,506
Louisiana Tax Commission	5,424
St. Mary Parish:	
Council	2,625,182
Library	1,537,895
School Board	12,463,733
Drainage Districts	3,113,426
Waterworks Districts	1,060,751
Waterworks and Sewer Districts	1,068,072
Hospital Districts	1,918,873
Recreation Districts	1,581,455
Fire Protection Districts	551,939
Sewerage Districts	427,363
Harbor and Terminal Districts	1,247,024
Mosquito Control District No. 1	81,804
Sheriff	3,957,395
Assessment District	984,064
Refunds and redemptions	444,689
Pension Funds	<u>946,273</u>
Total distributions	<u>34,102,023</u>
Unsettled balances, June 30, 2007, due to taxing bodies and others	<u>\$ 3,861,760</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER INFORMATION**



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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AND AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable David A. Naquin
St. Mary Parish Sheriff
Franklin, Louisiana

We have audited the financial statements of the St. Mary Parish Sheriff, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Mary Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's

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Society of Louisiana
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financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, Items 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Items 2007-1 and 2007-2 to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Item 2007-3.

This report is intended solely for the information and use of the St. Mary Parish Sheriff and others within the organization. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore its distribution is not limited.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 6, 2007

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2007

2006-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 2007-1.

2006-2 Finding: Bond Fund, Due to Others Subsidiary Should be Reconciled to the Cash Balance

Status: This finding is unresolved. See current year finding 2007-2.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the St. Mary Parish Sheriff's financial statements as of and for the year ended June 30, 2007.

Internal Control Deficiencies – Financial Reporting

Two significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as items 2007-1 and 2007-2 in Part 2 and are considered material weaknesses.

Material Noncompliance – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under Government Auditing Standards which is shown as item 2007-3 in Part 2.

FEDERAL AWARDS

This section is not applicable for the year ended June 30, 2007.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2007-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Sheriff did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2007-2 Bond Fund, Due to Others Subsidiary Should be Reconciled to the Cash Balance

Finding:

The Due to Others Subsidiary of the Bond Fund does not reconcile with the ending cash balance.

Recommendation:

Reconcile the Due to Others Subsidiary of the Bond Fund to the cash balance on a monthly basis.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2007

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

2007-3 Public Bid Law

Finding:

The Sheriff purchased two vehicles whose combined cost exceeded the \$20,000 threshold for the bid requirement as required by the Public Bid Law.

Recommendation:

The Sheriff should implement procedures to ensure that all Public Bid Law thresholds are adhered to for all applicable purchases as required by RS 38:2212.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2007, the St. Mary Parish Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.

ST. MARY PARISH SHERIFF
Franklin, Louisiana

Management's Corrective Action Plan For Current Year Findings
Year Ended June 30, 2007

Response to Finding 2007-1:

No response is considered necessary.

Response to Finding 2007-2:

The Bond Fund Due to Others Subsidiary is currently in the process of being reconciled to the cash balance. The Subsidiary will eventually be reconciled on a monthly basis.

Response to Finding 2007-3:

The Sheriff has implemented procedures to ensure adherence to the Public Bid Law for all applicable purchases as required by RS 38:2212.